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**CANADA
TUNGSTEN
MINING
CORPORATION
LIMITED**

**ANNUAL REPORT
1969**

THE ANNUAL MEETING of the shareholders
of Canada Tungsten Mining Corporation Limited
will be held on Friday, May 8, at 2:30 o'clock in
the afternoon in Room "A", Convention Floor,
Royal York Hotel, Toronto, Ontario.

CANADA
TUNGSTEN
MINING CORPORATION LIMITED

Executive Office

101 Richmond Street West, Toronto, Ont.

Branch Office

80 Niobe Street, North Vancouver, B.C.

Officers

FRED E. HALL, *President*
J. B. REDPATH, *Vice-President*
E. H. HODDINOTT, *Manager of Operations*
D. R. McEWEN, *Secretary-Treasurer*
R. G. HORNCastle, *Assistant Secretary*

Directors

SENATOR JOHN B. AIRD, Toronto
J. M. RICHARD CORBET, Toronto
FRED E. HALL, Toronto
DR. E. B. GILLANDERS, Vancouver
D. MAYERS, New York
JAMES B. REDPATH, Toronto
H. A. SAWYER, JR., New York

*Transfer Agents
and Registrars*

CANADA PERMANENT TRUST COMPANY
1901 Yonge Street, Toronto, Ont.

Bankers

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto and Vancouver

Auditors

DELOTTE, PLENDER, HASKINS & SELLS
55 Yonge Street, Toronto, Ont.

Directors Report to the Shareholders

Your directors present herewith the Annual Report of your Company for 1969, together with your Manager of Operations' Report and audited Financial Statements as at December 31, 1969.

The year 1969 was the most successful in the Company's history. While the grade of ore milled decreased to 1.54% from 1.98%, the overall scheelite recovery increased to 78.81% from 77.74%, while copper recovery was

WO₃ and 466,000 pounds of copper were produced.

Tungsten demand remained strong during the year and spot prices as reported by trade publications advanced appreciably. Your Company's average realization increased, but the improvement was limited by virtue of the bulk of sales occurring under long-term contracts.

In the United States consumption continues to exceed U.S. production, with many users purchasing substantial quantities from the U.S. Government stockpile. Considerable quantities of stockpile material have also been exported from the U.S. but recent indications are that future stockpile sales will be restricted to domestic consumption. In Europe and Japan there is still a definite shortage of quality material. In addition supplies from China to this market have been reduced and it is expected that your Company's sales to these areas will benefit.



Containerized shipping of tungsten concentrates.

66.12%. As shown in the Manager of Operations' Report attached 203,000 short tons of

Early in 1970 the arbitration disagreement with one of our customers, mentioned in last year's report, was resolved and a cash settlement negotiated. This resulted in an increase in the contract price as from January 1, 1968 for all shipments to that customer to the end of the

contract. The 1968 and 1969 accounts have been adjusted to reflect the increase in price.

Tungsten uses are continually broadening and there is a great deal of research and development in progress by industry, which in coming years should result in even wider industrial applications for tungsten carbides, high temperature alloys, tungsten metal and catalysts.

Your Company extended its exploration program during the year, and in addition to the program in the vicinity of the mine examined a number of properties in the Yukon, British Columbia and in foreign countries, as well as carrying out a geochemical program in the Yukon. Unfortunately these were without success. An extensive program is again planned for 1970.

During the year your Company repaid outstanding bank loans in addition to the accrued interest on its outstanding debentures, and [plans to repay the Company's long-term debt during 1970.]

As a result of a ruling made by the Ontario Securities Commission your Company is permitted to omit sales and gross operating revenue

from published financial statements for 1969, 1970 and 1971.

Your directors acknowledge the loyal and dedicated services of your Operations Manager,



Open pit mine, Tungsten, N.W.T.

E. H. Hoddinott, and your Mine Manager, J. Keily, and their staff, for the successful operation of the Company during the past year.

On behalf of the Board,

FRED E. HALL

President

Toronto, Ontario
April 3, 1970

CANADA

TUNGSTEN

MINING CORPORATION LIMITED

(Incorporated under The Corporations Act, Ontario)

BALANCE SHEET as

(with 1968 figures)

ASSETS

	1969	1968
CURRENT:		
Cash	\$ 775,476	\$ 92,202
Accounts receivable (Note 1)	3,448,987	1,752,290
Inventory of concentrates — valued at the lower of cost or net realizable value	474,250	278,821
Inventory of ore in stockpile — at cost	352,203	462,324
Prepaid expenses	10,719	12,812
Total current assets	<u>5,061,635</u>	<u>2,598,449</u>
FIXED:		
Buildings, plant and equipment — at cost	6,049,684	5,960,886
Less accumulated depreciation (Note 2)	2,379,824	1,600,647
	<u>3,669,860</u>	<u>4,360,239</u>
Mining property — at cost	125,000	125,000
Net fixed assets	<u>3,794,860</u>	<u>4,485,239</u>
OTHER:		
Inventory of supplies — at cost	358,120	268,210
Development and preproduction expenses — at cost less amounts written off (Note 2)	2,268,658	2,663,379
Unamortized debenture discount	206,000	309,000
Deferred charges	27,549	16,672
Incorporation expense	2,835	2,835
Total other assets	<u>2,863,162</u>	<u>3,260,096</u>
TOTAL	<u><u>\$11,719,657</u></u>	<u><u>\$10,343,784</u></u>

The accompanying notes are an integral part of the financial statements.

December 31, 1969

(for comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

	1969	1968
Accounts payable and accrued charges	\$ 393,226	\$ 304,073
6% income debentures (Note 3)	2,680,000	—
Debenture interest accrued	—	1,125,600
Total current liabilities	<u>3,073,226</u>	<u>1,429,673</u>

LONG-TERM DEBT:

6% income debentures	—	2,680,000
DEFERRED INCOME (Note 1)	<u>679,127</u>	<u>—</u>

SHAREHOLDERS' EQUITY:

Capital stock:

Authorized:

5,000,000 shares of a par value of \$1 each

Issued and fully paid:

4,990,000 shares	4,990,000	4,990,000
Less discount	1,372,851	1,372,851
	<u>3,617,149</u>	<u>3,617,149</u>
Retained earnings	4,350,155	2,616,962
Total shareholders' equity	<u>7,967,304</u>	<u>6,234,111</u>

Approved by the Board:

FRED E. HALL, Director.

J. B. REDPATH, Director.

TOTAL	<u>\$11,719,657</u>	<u>\$10,343,784</u>
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AUDITORS' REPORT

To the Shareholders of
Canada Tungsten Mining Corporation Limited:

We have examined the balance sheet of Canada Tungsten Mining Corporation Limited as at December 31, 1969 and the statements of income and retained earnings and of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year (after restatement of the financial statements for that year, as explained in Note 1).

Toronto, Ontario,
February 24, 1970.

DELOITTE, PLENDER, HASKINS & SELLS,
Chartered Accountants.

CANADA
TUNGSTEN
MINING CORPORATION LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended December 31, 1969
 (with 1968 figures for comparison)

	1969	1968
INCOME FROM OPERATIONS BEFORE THE UNDERNOTED (Note 4)	<u>\$3,405,316</u>	(Note 1) <u>\$2,912,515</u>
DEDUCT:		
Interest on bank loan and notes payable	7,268	83,164
Debenture interest	160,800	160,800
	<u>168,068</u>	<u>243,964</u>
NET INCOME BEFORE WRITE-OFFS	<u>3,237,248</u>	<u>2,668,551</u>
LESS:		
Depreciation (Note 2)	780,084	750,282
Loss on sale of fixed assets	—	2,326
Amortization of debenture discount	103,000	103,000
Amortization of development and preproduction expenses (Note 2)	394,721	379,890
Exploration expenses	226,250	61,773
	<u>1,504,055</u>	<u>1,297,271</u>
NET INCOME FOR THE YEAR (Note 5)	<u>1,733,193</u>	<u>1,371,280</u>
RETAINED EARNINGS AT BEGINNING OF THE YEAR:		
As previously reported	2,071,019	1,245,682
Adjustment of prior year's income (Note 1)	545,943	—
As restated	<u>2,616,962</u>	<u>1,245,682</u>
RETAINED EARNINGS AT END OF THE YEAR	<u>\$4,350,155</u>	<u>\$2,616,962</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1969
 (with 1968 figures for comparison)

	1969	1968
SOURCE OF FUNDS:		
Funds provided from operations	\$3,589,406	\$2,605,334
Recovery of road construction costs	—	69,773
Total source of funds	<u>3,589,406</u>	<u>2,675,107</u>
APPLICATION OF FUNDS:		
Additions to fixed assets, net	89,773	206,797
Prior years' debenture interest payable in 1969	—	964,800
Income debentures payable in 1970 (Note 3)	2,680,000	—
Total application of funds	<u>2,769,773</u>	<u>1,171,597</u>
INCREASE IN WORKING CAPITAL	<u>\$ 819,633</u>	<u>\$1,503,510</u>

The accompanying notes are an integral part of the financial statements.

CANADA
TUNGSTEN
MINING CORPORATION LIMITED

**NOTES TO THE FINANCIAL
STATEMENTS**
December 31, 1969

1. Sales Adjustment

Included in accounts receivable is an amount of \$1,787,188, relating to a price adjustment with respect to a sales contract. This amount has been allocated over the related term of the contract on the basis of quantities shipped and to be shipped as follows:

Year ended December 31, 1968	\$ 545,943
Year ended December 31, 1969	562,118
Period from January 1, 1970 to July 1, 1971	679,127
	<hr/> <u>\$1,787,188</u>

The comparative figures for 1968 have been restated to reflect the portion of the settlement applicable to 1968 by increasing income from operations, net income and retained earnings at end of the year by \$545,943, and including this amount in accounts receivable.

2. Depreciation and Amortization

It is the company's practice to provide for depreciation of buildings, plant and equipment at 15% per annum on a straight-line basis.

Development and preproduction expenses are being amortized over the estimated life of the mine on the basis of units sold.

3. Income Debentures

The 6% income debentures, maturing December 31, 1971, are payable before maturity out of profits as provided in the

debentures, and will therefore become payable in 1970.

4. Sales Disclosure

Pursuant to Section 84 of The Corporations Act, Ontario, an order was obtained from the Ontario Securities Commission permitting the company to omit disclosure of sales in the statement of income for the year ended December 31, 1969.

5. Income Taxes

As a result of the fire at the mine, which occurred during the three-year, tax-exempt period, the company will receive a remission of future income taxes payable in the amount of \$822,778. This amount has not been reflected in the financial statements.

Income taxes in the amount of \$696,000, otherwise payable for the year ended December 31, 1969, have been eliminated by claiming for income tax purposes amounts in excess of those recorded with respect to depreciation of fixed assets and amortization of development and pre-production expenses. The accumulated amounts claimed for income tax purposes exceed the amounts recorded as at December 31, 1969, but the related deferred income taxes payable of approximately \$778,000 have not been reflected in the financial statements since they are eliminated by the remission of taxes referred to above. The balance of the remission is available to eliminate future income taxes of approximately \$45,000.

6. Remuneration

Remuneration of directors and senior officers, as defined by The Corporations Act, Ontario, amounted to \$102,000 for the year ended December 31, 1969 (1968 — \$93,000).

203,174
20
C.C. 3,826
11

15,000
100
15,400
380

CANADA

TUNGSTEN

MINING CORPORATION LIMITED

Report of the Manager of Operations

The President and Board of Directors
Canada Tungsten Mining Corporation
Limited
Suite #1620
101 Richmond Street West
Toronto 1, Ontario

Dear Sirs,

The following is a report covering the 1969 operation of the mine at Tungsten, N.W.T. and the Leach plant in North Vancouver.

Operations were continuous and resulted in the best year in the history of the mine.

MINE SITE OPERATION

A total of 167,389 tons of ore containing 1.54% WO₃ and .211% Cu. were processed during the year. Total production for 1969 was 203,174.43 short ton units of WO₃ and 466,113 lbs. of copper.

The concentrator operated at 95% of possible, averaging 482 dry tons per day. During the latter half of 1969 milling rates were increased to 550 to 600 tons per day. The additional grinding equipment added in 1968 and several circuit changes made increased milling rates possible. Overall recoveries of WO₃ averaged 78.81%.

With the increased price of tungsten, ore which had previously not been economical to mine and treat was included in last year's pit operation. A program is scheduled for 1970 to evaluate possible additional low grade ore in the present pit area.

During the mining season a total of 146,258 tons of ore were mined, crushed and stockpiled, containing an average of 1.56% WO₃. In addition, 265,720 tons of waste were removed from the pit area.

ORE RESERVES

At December 31, 1969, reserves of ore in place amounted to 733,823 tons, grading 1.68% WO₃, containing 1,232,823 s.t.u's, along with 84,058 tons of ore in the stock-

pile grading 1.56% WO₃ containing 131,131 s.t.u's.

PERSONNEL AND CAMP OPERATION

Availability of skilled operational personnel and a low turnover prevailed throughout the year. Recreational facilities were further improved during the year with the addition of artificial ice for curling and skating, swimming and camping facilities in the hot springs area, and an electrically operated rope tow for the ski hill. These additions and improvements were made possible by the efforts of the mine staff and financial aid through the Northwest Territories recreational program.

LEACH PLANT OPERATION

Control of air and water pollution at the Vancouver Leach plant presented some problems during the year. This was overcome by additional water scrubbing equipment and the use of liquid caustic. Certain equipment changes were also made to improve recovery and overall efficiency of the operation.

EXPLORATION

An accelerated exploration program resulted in the completion of 126 miles of line cutting and 102 miles of Turam surveying. One anomaly located during 1968 and one located during 1969 were drilled; however, they were caused by graphitic conductors, not sulphides. Difficulties with drilling crews and lack of proper equipment restricted the amount of drilling completed during the year.

I would like to express my thanks to the Directors of the Company for their confidence and assistance and to Mr. John Keily, Resident Manager, and his able staff, for their co-operation and commendable performance during the year.

Respectfully submitted,

E. H. HODDINOTT,
Manager of Operations.
March 13, 1970

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